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# Province of British Columbia Pooled Investment Portfolios

## Group of Funds

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Canadian Corporate Bond Fund  
Short Term Bond Fund  
Pension Bond Fund  
Realpool Investment Fund  
Fixed Term Mortgage Fund  
Construction Mortgage Fund  
Private Placement Fund 1995  
Private Placement Fund 1996  
Private Placement Fund 1997  
Private Placement Fund 1998  
Managed International Equity Fund  
Passive International Equity Fund  
European Indexed Equity Fund  
Asian Equity Fund  
European Equity Fund  
International Equity Fund  
  
Canadian Money Market Fund ST1  
Canadian Money Market Fund ST2  
U.S. Dollar Money Market Fund ST3  
Indexed Government Bond Fund  
Long Term Bond Fund  
British Columbia Focus Fund  
Indexed Canadian Equity Fund  
Active Canadian Equity Fund  
TSE 100 Index Equity Fund  
Active U.S. Equity Fund  
S & P 500 Index Equity Fund  
U.S. Index Enhanced Equity Fund

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Financial Statements  
1998/1999

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Ministry of Finance and Corporate Relations

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# Province of British Columbia Pooled Investment Portfolios

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Short Term Bond Fund  
Pension Bond Fund

Realpool Investment Fund  
Fixed Term Mortgage Fund  
Construction Mortgage Fund

Private Placement Fund 1995  
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Private Placement Fund 1998

Managed International Equity Fund  
Passive International Equity Fund  
European Indexed Equity Fund

Asian Equity Fund  
European Equity Fund  
International Equity Fund

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## Financial Statements

For the year ended December 31, 1998

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Ministry of Finance and Corporate Relations

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## Report of the Auditor General of British Columbia

*To the Minister of Finance and Corporate Relations,  
Province of British Columbia:*

I have audited the statements of net assets of the Province of British Columbia Pooled Investment Portfolios, being the:

- |                                     |                                      |
|-------------------------------------|--------------------------------------|
| • Canadian Corporate Bond Fund,     | • Short Term Bond Fund,              |
| • Pension Bond Fund,                | • Realpool Investment Fund,          |
| • Fixed Term Mortgage Fund,         | • Construction Mortgage Fund,        |
| • Private Placement Fund 1995,      | • Private Placement Fund 1996,       |
| • Private Placement Fund 1997,      | • Private Placement Fund 1998,       |
| • Managed International Equity Fund | • Passive International Equity Fund, |
| • European Indexed Equity Fund      | • Asian Equity Fund,                 |
| • European Equity Fund, and         | • International Equity Fund          |

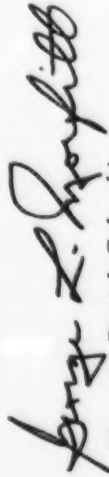
as at December 31, 1998 (Managed International Equity Fund, Passive International Equity Fund, and European Indexed Equity Fund as at January 2, 1998), the statements of changes in net assets for the year then ended (Private Placement Fund 1998 for the period March 13, 1998 to December 31, 1998; Managed International Equity Fund, Passive International Equity Fund and European Indexed Equity Fund for the two days ending January 2, 1998; and Asian Equity Fund, European Equity Fund and International Equity Fund for the period January 2, 1998 to December 31, 1998) and the statements of investments as at December 31, 1998. These financial statements are the responsibility of the Portfolios' management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.



AUDITOR GENERAL'S REPORT  
PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Canadian Corporate Bond Fund, Short Term Bond Fund, Pension Bond Fund, Realpool Investment Fund, Fixed Term Mortgage Fund, Construction Mortgage Fund, Private Placement Fund 1995, Private Placement Fund 1996, Private Placement Fund 1997, Private Placement Fund 1998, Managed International Equity Fund, Passive International Equity Fund, European Indexed Equity Fund, Asian Equity Fund, European Equity Fund, and International Equity Fund as at December 31, 1998 (Managed International Equity Fund, Passive International Equity Fund, and European Indexed Equity Fund as at January 2, 1998), the changes in fund net assets for the year then ended (Private Placement Fund 1998 for the period March 13, 1998 to December 31, 1998; Managed International Equity Fund, Passive International Equity Fund and European Indexed Equity Fund for the two days ending January 2, 1998; and the Asian Equity Fund, European Equity Fund and International Equity Fund for the period January 2, 1998 to December 31, 1998), and the statements of investments as at December 31, 1998 in accordance with generally accepted accounting principles.



Victoria, British Columbia  
August 13, 1999



Province of British Columbia Pooled Investment Portfolios

STATEMENT OF RESPONSIBILITY

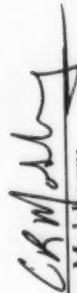
To the Minister of Finance and Corporate Relations:

Responsibility for the integrity, objectivity and the preparation of the accompanying financial statements rests with the management of the Provincial Treasury. These statements are prepared in accordance with generally accepted accounting principles consistently applied and include some amounts that are based on best estimates and judgements. Systems of internal controls are in place to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained to provide reliable financial statements.

The Auditor General of the Province of British Columbia conducts an independent examination, in accordance with generally accepted auditing standards, and provides an independent professional opinion on the financial statements.



Bob de Faye  
Assistant Deputy Minister  
Provincial Treasury



Cleve Molsberry  
Director  
Banking/Cash Management  
Provincial Treasury

Victoria, British Columbia  
August 13, 1999



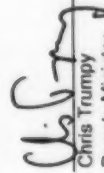
PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF NET ASSETS  
AS AT DECEMBER 31, 1998


(\$ Thousands)

	CANADIAN CORPORATE BOND FUND		SHORT TERM BOND FUND		PENSION BOND FUND	
	1998	1997	1998	1997	1998	1997
Investments at market value	\$ 1,288,949	\$ 1,197,303	\$ 1,251,920	\$ 1,062,121	\$ 9,560,561	\$ 8,585,098
Accrued investment income	17,986	17,804	21,256	19,128	135,824	140,548
<b>Total assets</b>	<b>1,306,935</b>	<b>1,215,107</b>	<b>1,273,176</b>	<b>1,081,249</b>	<b>9,696,385</b>	<b>8,725,646</b>
Payable for investments purchased	-	-	-	48,880	-	139,831
Custodial fees payable	5	5	6	4	40	37
<b>Total liabilities</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>48,884</b>	<b>40</b>	<b>139,868</b>
<b>Net assets representing unitholders' equity</b>	<b>\$ 1,306,930</b>	<b>\$ 1,215,102</b>	<b>\$ 1,273,170</b>	<b>\$ 1,032,365</b>	<b>\$ 9,696,345</b>	<b>\$ 8,585,778</b>
Number of units outstanding (note 15)	559,694	559,314	1,006,749	871,128	5,953,177	5,771,694
<b>Net asset value per unit</b>	<b>\$ 2,335</b>	<b>\$ 2,172</b>	<b>\$ 1,265</b>	<b>\$ 1,185</b>	<b>\$ 1,629</b>	<b>\$ 1,488</b>

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Minister of Finance and Corporate Relations.

  
Chris Trumpy  
Deputy Minister  
Ministry of Finance and Corporate Relations

  
Doug Pearce  
Chief Investment Officer  
Ministry of Finance and Corporate Relations

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 1998

(\$ Thousands)

	CANADIAN CORPORATE BOND FUND		SHORT TERM BOND FUND		PENSION BOND FUND	
	1998	1997	1998	1997	1998	1997
Net assets, beginning of year	\$ 1,215,102	\$ 529,344	\$ 1,032,365	\$ 1,082,335	\$ 8,585,778	\$ 8,164,122
Changes during the year:						
Operations:						
Income:						
Investment income	77,490	48,171	63,961	54,272	554,953	539,538
Expenses (note 10):						
Custodial fees	19	11	21	16	155	139
Other	1	1	-	1	-	10
	20	12	21	17	155	149
Net investment income	77,470	48,159	63,940	54,255	554,798	539,389
Net realized gain on sale of investments	13,190	12,199	1,065	5,899	200,366	266,741
Change in unrealized appreciation (depreciation) of investments	302	6,372	12,686	(17,049)	95,403	(32,474)
	90,962	66,730	77,691	43,105	850,567	773,656
Capital transactions:						
Proceeds from units issued	866	619,028	763,349	602,595	9,300,722	613,869
Amounts paid for units redeemed	-	-	(600,235)	(695,670)	(9,040,722)	(985,869)
	866	619,028	163,114	(93,075)	260,000	(372,000)
Net increase (decrease) during the year	91,828	685,758	240,805	(49,970)	1,110,567	401,656
Net assets, end of year	\$ 1,306,930	\$ 1,215,102	\$ 1,273,170	\$ 1,032,365	\$ 9,696,345	\$ 8,585,778

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF NET ASSETS  
AS AT DECEMBER 31, 1998

(\$ Thousands)

	REALPOOL INVESTMENT FUND		FIXED TERM MORTGAGE FUND		CONSTRUCTION MORTGAGE FUND	
	1998	1997	1998	1997	1998	1997
Investments at market value	\$ 2,617,389	\$ 2,145,182	\$ 848,761	\$ 461,953	\$ 205,956	\$ 169,066
Cash	25,352	23,042	-	-	-	-
Accounts receivable	-	-	-	-	-	309
Receivable from sale of investments	-	704	-	-	-	-
Discharges receivable	-	-	-	-	-	4,446
Accrued investment income	107	-	4,362	2,241	1,030	733
Other assets (note 5)	19,679	12,711	-	-	-	-
<b>Total assets</b>	<b>2,662,527</b>	<b>2,181,639</b>	<b>853,123</b>	<b>464,194</b>	<b>206,986</b>	<b>174,574</b>
Mortgages at market value and other payables (note 6)	589,193	425,108	-	-	-	-
Mortgage servicing fees payable	-	-	55	31	13	10
Accounts payable	-	-	-	-	324	-
<b>Total liabilities</b>	<b>589,193</b>	<b>425,108</b>	<b>55</b>	<b>31</b>	<b>337</b>	<b>10</b>
<b>Net assets representing unitholders' equity</b>	<b>\$ 2,073,334</b>	<b>\$ 1,756,531</b>	<b>\$ 853,068</b>	<b>\$ 464,163</b>	<b>\$ 206,649</b>	<b>\$ 174,564</b>
Number of units outstanding (note 15)	1,123,098	1,072,640	603,419	354,641	163,738	148,066
<b>Net asset value per unit</b>	<b>\$ 1,846</b>	<b>\$ 1,638</b>	<b>\$ 1,414</b>	<b>\$ 1,309</b>	<b>\$ 1,262</b>	<b>\$ 1,179</b>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 1998

(\$ Thousands)

	REAL POOL INVESTMENT FUND		FIXED TERM MORTGAGE FUND		CONSTRUCTION MORTGAGE FUND	
	1998	1997	1998	1997	1998	1997
Net assets, beginning of year	\$ 1,756,531	\$ 1,336,136	\$ 464,163	\$ 134,963	\$ 174,564	\$ 73,383
Changes during the year:						
Operations:						
Income:						
Investment income	5,079	2,394	44,131	22,316	12,445	10,169
Net rental income	95,300	82,417	-	-	-	-
	100,379	84,811	44,131	22,316	12,445	10,169
Expenses (note 10):						
External management fees	11,081	11,159	-	481	-	120
Mortgage servicing and brokerage fees	-	-	680	-	136	-
Administrative and professional fees	957	995	-	-	324	-
	12,038	12,154	680	481	460	120
Net investment income	88,341	72,657	43,451	21,835	11,985	10,049
Net realized gain (loss) on sale of investments	2,957	1,048	1	1	4	(3)
Change in unrealized appreciation (depreciation) of investments	136,505 <sup>1</sup>	186,690 <sup>1</sup>	6,853	1,214	(404)	(515)
	227,803	260,395	50,305	23,050	11,585	9,531
Capital transactions:						
Proceeds from units issued	134,000	370,969	338,600	338,680	59,500	135,975
Amounts paid for units redeemed	(45,000)	(210,969)	-	(32,430)	(39,000)	(44,325)
	89,000	160,000	338,600	306,250	20,500	91,650
Net increase during the year	316,803	420,395	388,905	329,300	32,085	101,181
Net assets, end of year	\$ 2,073,334	\$ 1,756,531	\$ 853,068	\$ 464,163	\$ 206,649	\$ 174,564

<sup>1</sup> Includes \$0.690 million (1997: \$1.697 million) change in unrealized increase in value of mortgage liabilities (note 6).

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF NET ASSETS  
AS AT DECEMBER 31, 1998

(\$ Thousands)

	PRIVATE PLACEMENT FUND 1995		PRIVATE PLACEMENT FUND 1996	
	1998	1997	1998	1997
Investments at market value	\$ 76,621	\$ 53,528	\$ 83,896	\$ 51,149
Accrued investment income	60	55	-	-
<b>Total assets</b>	<b>76,681</b>	<b>53,583</b>	<b>83,896</b>	<b>51,149</b>
Fees payable	-	-	-	9
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>
<b>Net assets representing unitholders' equity</b>	<b>\$ 76,681</b>	<b>\$ 53,583</b>	<b>\$ 83,896</b>	<b>\$ 51,140</b>
Number of units outstanding (note 15)	49,342	42,023	77,448	49,311
<b>Net asset value per unit</b>	<b>\$ 1,554</b>	<b>\$ 1,275</b>	<b>\$ 1,083</b>	<b>\$ 1,037</b>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 1998

(\$ Thousands)

	PRIVATE PLACEMENT FUND 1995		PRIVATE PLACEMENT FUND 1996	
	1998	1997	1998	1997
Net assets, beginning of year	\$ 53,583	\$ 30,871	\$ 51,140	\$ 12,711
Changes during the year:				
Operations:				
Income:				
Investment income	3,096	2,156	443	90
Expenses (note 10):				
External management fees	74	45	298	279
Other	74	45	1	13
			299	292
Net investment income	3,022	2,111	144	(202)
Net realized gain on sale of investments	2,260	632	746	387
Change in unrealized appreciation of investments	4,916	5,007	1,601	2,409
	10,198	7,750	2,491	2,594
Capital transactions:				
Proceeds from units issued	12,900	14,962	30,265	35,835
Amounts paid for units redeemed	12,900	14,962	30,265	35,835
	23,098	22,712	32,756	38,429
Net increase during the year	\$ 76,681	\$ 53,583	\$ 83,896	\$ 51,140
Net assets, end of year				

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF NET ASSETS  
AS AT DECEMBER 31, 1998

(\$ Thousands)

	PRIVATE PLACEMENT FUND 1997 1998	PRIVATE PLACEMENT FUND 1998 1998 (note 1)
Investments at market value	\$ 134,922	\$ 44,124
Total assets	134,922	44,124
Fees payable	291	52
Total liabilities	291	52
Net assets representing unitholders' equity	\$ 134,631	\$ 44,072
Number of units outstanding (note 15)	119,420	45,958
Net asset value per unit	\$ 1,127	\$ 959

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 1998

(\$ Thousands)

	PRIVATE PLACEMENT FUND 1997		PRIVATE PLACEMENT FUND 1998	
	1998	1997	1998 (note 1)	
Net assets, beginning of year	\$ 34,588	\$ -	\$ -	
Changes during the year:				
Operations:				
Income:				
Investment income	51	-	49	
Expenses (note 10):				
External management fees	1,064	-	-	
Other	12	62	106	
	1,076	62	106	
Net investment income	(1,025)	(62)	(57)	
Net realized gain on sale of investments	17	-	-	
Change in unrealized appreciation (depreciation) of investments	1,637	(3,539)	(1,829)	
	629	(3,601)	(1,886)	
Capital transactions:				
Proceeds from units issued	99,414	38,189	45,958	
Amounts paid for units redeemed	99,414	38,189	45,958	
	100,043	34,588	44,072	
Net increase during the year	\$ 134,631	\$ 34,588	\$ 44,072	
Net assets, end of year				



PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF NET ASSETS  
AS AT JANUARY 2, 1998

(\$ Thousands)

	MANAGED INTERNATIONAL EQUITY FUND (notes 1, 7)		PASSIVE INTERNATIONAL EQUITY FUND (notes 1, 7)		EUROPEAN INDEXED EQUITY FUND (notes 1, 7)	
	1998	1997	1998	1997	1998	1997
Investments at market value						
Cash	\$ 214	\$ 1,831,317	\$ 78	\$ 833,599	\$ -	\$ 583,295
Receivable from sale of investments	-	105,789	-	2,178	-	15,103
Accrued investment income	-	28,160	-	224	-	173
Withholding taxes receivable	-	2,590	-	731	-	739
	-	382	-	113	-	179
<b>Total assets</b>	<b>214</b>	<b>1,968,238</b>	<b>78</b>	<b>836,845</b>	<b>-</b>	<b>599,489</b>
Payable for investments purchased	-	37,664	-	227	-	-
External management fees payable	-	1,835	-	-	-	115
Custodial fees payable	214	214	78	78	-	35
<b>Total liabilities</b>	<b>214</b>	<b>39,713</b>	<b>78</b>	<b>305</b>	<b>-</b>	<b>150</b>
<b>Net assets representing unitholders' equity</b>	<b>\$ -</b>	<b>\$ 1,928,525</b>	<b>\$ -</b>	<b>\$ 836,540</b>	<b>\$ -</b>	<b>\$ 599,339</b>
Number of units outstanding (note 15)	-	921,369	-	411,771	-	588,554
<b>Net asset value per unit</b>	<b>\$ -</b>	<b>\$ 2,093</b>	<b>\$ -</b>	<b>\$ 2,032</b>	<b>\$ -</b>	<b>\$ 1,018</b>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE PERIOD ENDED JANUARY 2, 1998

(\$ Thousands)

	MANAGED INTERNATIONAL EQUITY FUND (notes 1, 7)	PASSIVE INTERNATIONAL EQUITY FUND (notes 1, 7)	EUROPEAN INDEXED EQUITY FUND (notes 1, 7)
	1998	1997	1998
Net assets, beginning of year	\$ 1,928,525	\$ 1,523,260	\$ 599,339
Changes during the year:			
Operations:			
Income:			
Investment income	-	38,890	-
Expenses (note 10):			
External management fees	-	7,526	-
Custodial fees	-	855	-
	-	8,381	-
Net investment income	-	30,509	-
Net realized gain on sale of investments	179,558	129,190	12,899
Change in unrealized appreciation (depreciation) of investments	(179,558)	(32,395)	(12,899)
	-	127,304	-
Capital transactions:			
Proceeds from units issued	-	329,800	-
Amounts paid for units redeemed	(1,928,525)	(51,839)	(599,339)
	(1,928,525)	277,961	(599,339)
Net increase (decrease) during the year	(1,928,525)	405,265	(599,339)
Net assets, end of year	\$ -	\$ 1,928,525	\$ 599,339

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF NET ASSETS  
AS AT DECEMBER 31, 1998

(\$ Thousands)

	ASIAN EQUITY FUND 1998 (note 1)	EUROPEAN EQUITY FUND 1998 (note 1)	INTERNATIONAL EQUITY FUND 1998 (note 1)
Investments at market value	\$ 137,579	\$ 1,375,890	\$ 2,304,454
Cash	4,863	9,989	40,402
Receivable from sale of investments (note 8)	-	334	4,075
Accrued investment income	62	1,321	2,050
Withholding taxes receivable	2	421	559
<b>Total assets</b>	<b>142,506</b>	<b>1,387,955</b>	<b>2,351,540</b>
Payable for investments purchased (note 9)	-	-	13,306
External management fees payable	159	1,418	1,388
Custodial fees payable	21	132	196
<b>Total liabilities</b>	<b>180</b>	<b>1,550</b>	<b>14,890</b>
<b>Net assets representing unitholders' equity</b>	<b>\$ 142,326</b>	<b>\$ 1,386,405</b>	<b>\$ 2,336,650</b>
Number of units outstanding (note 15)	129,958	1,021,653	1,875,842
<b>Net asset value per unit</b>	<b>\$ 1,095</b>	<b>\$ 1,357</b>	<b>\$ 1,246</b>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE PERIOD ENDED DECEMBER 31, 1998

(\$ Thousands)

	ASIAN EQUITY FUND 1998 (notes 1, 7)	EUROPEAN EQUITY FUND 1998 (notes 1, 7)	INTERNATIONAL EQUITY FUND 1998 (notes 1, 7)
Net assets, beginning of year	\$ -	\$ -	\$ -
Changes during the year:			
Operations:			
Income:			
Investment income	2,977	25,087	43,714
Expenses (note 10):			
External management fees	623	2,923	5,084
Custodial fees	90	514	739
	713	3,437	5,823
Net investment income	2,264	21,650	37,891
Net realized gain (loss) on sale of investments	(2,191)	88,425	55,225
Change in unrealized appreciation of investments	12,295	249,901	385,985
	12,368	359,976	479,101
Capital transactions:			
Proceeds from units issued	129,958	1,399,205	2,004,094
Amounts paid for units redeemed	-	(372,776)	(146,545)
	129,958	1,026,429	1,857,549
Net increase during the year	142,326	1,386,405	2,336,650
Net assets, end of year	\$ 142,326	\$ 1,386,405	\$ 2,336,650

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF INVESTMENTS  
AS AT DECEMBER 31, 1998

(\$ Thousands)

	CANADIAN CORPORATE BOND FUND			SHORT TERM BOND FUND			PENSION BOND FUND		
	Amortized Cost	Market Value	% of Total	Amortized Cost	Market Value	% of Total	Amortized Cost	Market Value	% of Total
<b>Bonds</b>									
Obligations of, or guaranteed by, Canada	\$ -	\$ -	-	\$ 816,676	\$ 822,473	65.70	\$ 5,830,648	\$ 6,214,624	65.00
Obligations of, or guaranteed by, the Province of British Columbia	-	-	-	-	-	-	318,813	336,888	3.53
Obligations of, or guaranteed by, other provinces	-	-	-	363,099	368,852	29.46	2,758,088	2,964,570	31.00
Obligations of Canadian municipalities	-	-	-	44,431	42,851	3.42	8,513	9,205	0.10
Debentures issued by corporations incorporated under the laws of Canada or a province	1,231,663	1,272,137	98.70	-	-	-	-	-	-
	<u>1,231,663</u>	<u>1,272,137</u>	<u>98.70</u>	<u>1,224,206</u>	<u>1,234,176</u>	<u>98.58</u>	<u>8,916,062</u>	<u>9,525,297</u>	<u>99.63</u>
<b>Short Term Investments</b>									
Units in Province of British Columbia Pooled Investment Portfolio Fund ST1	16,812	16,812	1.30	17,743	17,744	1.42	35,263	35,264	0.37
<b>Total Investments</b>	<u>\$ 1,248,475</u>	<u>\$ 1,288,949</u>	<u>100.00</u>	<u>\$ 1,241,949</u>	<u>\$ 1,251,920</u>	<u>100.00</u>	<u>\$ 8,951,325</u>	<u>\$ 9,560,561</u>	<u>100.00</u>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENT OF INVESTMENTS  
AS AT DECEMBER 31, 1998

(\$ Thousands)

	REALPOOL INVESTMENT FUND		
	Depreciated Cost	Market Value	% of Total
<b>Real Estate Investments</b>			
Retail	\$ 277,492	\$ 330,546	12.63
Office and mixed use	631,539	895,386	34.21
Industrial	341,001	380,617	14.54
Parking	7,015	15,250	0.59
Residential	626,574	729,975	27.89
Property held for/under development	178,220	204,198	7.80
Deferred leasing and building improvement costs (note 3a)	80,444	-	-
	<u>2,142,285</u>	<u>2,555,972</u>	<u>97.66</u>
<b>Short Term Investments</b>			
Obligations of, or guaranteed by, Canada	884	884	0.03
Units in Province of British Columbia Pooled Investment Portfolio Fund ST2	60,514	60,533	2.31
	<u>61,398</u>	<u>61,417</u>	<u>2.34</u>
<b>Total Investments</b>	<u>\$ 2,203,683</u>	<u>\$ 2,617,389</u>	<u>100.00</u>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF INVESTMENTS  
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(\$ Thousands)

	FIXED TERM MORTGAGE FUND			CONSTRUCTION MORTGAGE FUND		
	Cost	Market Value	% of Total	Cost	Market Value	% of Total
<b>Mortgages</b>						
Retail	\$ 124,588	\$ 128,053	15.09	\$ 2,382	\$ 2,427	1.18
Office	197,309	199,467	23.50	4,029	4,029	1.95
Industrial	54,689	56,282	6.63	12,523	12,523	6.09
Residential	434,382	441,051	51.96	179,637	179,665	87.23
Other	6,452	6,585	0.78	1,439	1,439	0.70
	<u>817,420</u>	<u>831,438</u>	<u>97.96</u>	<u>200,010</u>	<u>200,083</u>	<u>97.15</u>
<b>Short Term Investments</b>						
Units in Province of British Columbia Pooled Investment Portfolio Fund ST1	17,323	17,323	2.04	5,873	5,873	2.85
<b>Total Investments</b>	<u>\$ 834,743</u>	<u>\$ 848,761</u>	<u>100.00</u>	<u>\$ 205,883</u>	<u>\$ 205,956</u>	<u>100.00</u>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF INVESTMENTS  
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(\$ Thousands)

	PRIVATE PLACEMENT FUND 1995			PRIVATE PLACEMENT FUND 1996		
	Cost	Market Value	% of Total	Cost	Market Value	% of Total
<b>Private Placements</b>	\$ 56,999	\$ 66,843	87.24	\$ 70,710	\$ 82,705	98.58
<b>Short Term Investments</b>						
Units in Province of British Columbia Pooled Investment Portfolio						
Fund ST1	8,577	8,578	11.19	639	639	0.76
Fund ST2	60	61	0.08	22	22	0.03
Fund ST3	1,120	1,139	1.49	526	530	0.63
	9,757	9,778	12.76	1,187	1,191	1.42
<b>Total Investments</b>	\$ 66,756	\$ 76,621	100.00	\$ 79,897	\$ 83,896	100.00



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(\$ Thousands)

	PRIVATE PLACEMENT FUND 1997			PRIVATE PLACEMENT FUND 1998		
	Cost	Market Value	% of Total	Cost	Market Value	% of Total
Private Placements	\$ 136,660	\$ 134,748	99.87	\$ 45,769	\$ 43,940	99.58
Short Term Investments						
Units in Province of British Columbia Pooled Investment Portfolio						
Fund ST1	12	13	0.01	184	184	0.42
Fund ST3	152	161	0.12	-	-	-
	164	174	0.13	184	184	0.42
Total Investments	\$ 136,824	\$ 134,922	100.00	\$ 45,953	\$ 44,124	100.00

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
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(\$ Thousands)

	ASIAN EQUITY FUND			EUROPEAN EQUITY FUND		
	Average Cost	Market Value	% of Total	Average Cost	Market Value	% of Total
<b>Equity Investments</b>						
Australia	\$ 21,048	\$ 24,984	18.16	\$ -	\$ -	-
Austria	-	-	-	7,845	7,414	0.54
Belgium	-	-	-	12,440	19,516	1.42
Denmark	-	-	-	13,068	15,695	1.14
Finland	-	-	-	14,726	26,790	1.95
France	-	-	-	143,993	183,802	13.35
Germany	-	-	-	166,379	196,027	14.25
Hong Kong	12,612	13,343	9.70	-	-	-
Indonesia	350	428	0.31	-	-	-
Ireland	-	-	-	3,536	4,406	0.32
Italy	-	-	-	70,139	92,243	6.71
Japan	69,062	78,183	56.83	3	3	-
Malaysia	2,929	1,960	1.42	-	-	-
Netherlands	-	-	-	101,435	124,148	9.02
New Zealand	2,662	2,854	2.08	-	-	-
Norway	-	-	-	6,069	4,841	0.35
Philippines	2,289	2,721	1.97	-	-	-
Portugal	-	-	-	11,840	10,929	0.80
Singapore	8,094	8,543	6.21	-	-	-
South Korea	2,982	3,843	2.80	-	-	-
Spain	-	-	-	41,927	57,388	4.17
Sweden	-	-	-	49,967	59,547	4.32
Switzerland	-	-	-	131,803	162,529	11.82
Thailand	372	360	0.26	-	-	-
United Kingdom	-	-	-	335,561	395,809	28.76
	<u>122,400</u>	<u>137,219</u>	<u>99.74</u>	<u>1,110,731</u>	<u>1,361,087</u>	<u>98.92</u>
<b>Short Term Investments</b>						
Units in Province of British Columbia Pooled Investment Portfolio Fund ST1	360	360	0.26	14,802	14,803	1.08
<b>Total Investments</b>	<u>\$ 122,760</u>	<u>\$ 137,579</u>	<u>100.00</u>	<u>\$ 1,125,533</u>	<u>\$ 1,375,890</u>	<u>100.00</u>

**PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS**  
**STATEMENT OF INVESTMENTS**  
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(\$ Thousands)

	INTERNATIONAL EQUITY FUND		
	Average Cost	Market Value	% of Total
<b>Equity Investments</b>			
Argentina	\$ 6,403	\$ 6,753	0.29
Australia	96,880	114,736	4.98
Austria	3,054	3,260	0.14
Belgium	15,787	21,375	0.93
Bermuda	2,586	2,431	0.11
Brazil	1,715	1,278	0.05
Canada	18,420	18,759	0.82
Chile	2,271	1,741	0.07
Denmark	17,490	19,307	0.84
Finland	14,668	34,786	1.51
France	175,505	227,060	9.85
Germany	154,611	199,525	8.66
Greece	1,847	2,157	0.09
Hong Kong	47,005	45,506	1.98
Hungary	1,234	1,515	0.06
India	1,946	1,136	0.05
Indonesia	4,404	4,225	0.19
Ireland	9,643	11,959	0.52
Israel	3,885	5,278	0.22
Italy	66,351	96,846	4.21
Japan	317,980	372,119	16.15
Malaysia	20,625	15,777	0.68
Mexico	2,252	1,576	0.07
Netherlands	126,763	164,904	7.15
New Zealand	28,098	24,743	1.08
Norway	6,235	6,197	0.27
Philippines	19	26	-
Portugal	8,328	10,399	0.45
Singapore	34,975	36,911	1.60
South Korea	1,716	3,112	0.14
Spain	54,307	80,385	3.48
Sweden	54,648	68,969	3.00
Switzerland	120,543	150,209	6.52
Taiwan	5,388	5,230	0.22
Thailand	5,027	6,036	0.26
United Kingdom	417,506	486,982	21.14
United States	387	275	0.01
	<u>1,850,502</u>	<u>2,253,483</u>	<u>97.79</u>
<b>Short Term Investments</b>			
Units in Province of British Columbia Pooled Investment Portfolio Fund ST1	259	259	0.01
Obligations of, or guaranteed by, Canada, or savings institutions	<u>51,271</u> <u>51,530</u>	<u>50,712</u> <u>50,971</u>	<u>2.20</u> <u>2.21</u>
<b>Total Investments</b>	<u>\$ 1,902,032</u>	<u>\$ 2,304,454</u>	<u>100.00</u>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
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1.

The Portfolios

The Financial Administration Act, Section 43, subsection 1, authorizes the Minister of Finance and Corporate Relations to establish and operate pooled investment portfolios "... in which the money from trust funds, special funds or other funds, other public money and the money of government bodies and designated institutions may be combined in common for the purpose of investment by means of investment units of participation in a pooled investment portfolio."

Section 41, subsection 1, delegates the investment powers, duties and functions of the Minister of Finance and Corporate Relations with respect to the funds and monies to the Chief Investment Officer.

The portfolios consist of investments, authorized by Section 40, subsections 1, 4 and 6, and Section 43, subsection 8, of the Financial Administration Act.

The Canadian Corporate Bond Fund was established on July 25, 1991, and invests primarily in Canadian corporate debentures.

The Short Term Bond Fund was established on November 1, 1995, and invests primarily in bonds which are issued or guaranteed by the government of Canada or a provincial government. The bonds have a maturity date of less than ten years.

The Pension Bond Fund was established on January 1, 1995, and invests primarily in bonds issued or guaranteed by the government of Canada or a provincial government.

The Realpool Investment Fund was established on July 3, 1991, and invests primarily in diversified Canadian income-producing properties through wholly-owned corporations.

The Fixed Term Mortgage Fund was established on June 30, 1995, and invests primarily in Canadian commercial and multi-family mortgage products.

The Construction Mortgage Fund was established on December 1, 1995, and invests primarily in Canadian construction mortgages.

The Private Placement Funds 1995, 1996, 1997 and 1998 were established on October 25, 1995, March 20, 1996, March 12, 1997, and March 13, 1998, respectively. Private placement investments are long term in nature, and are generally made in partnership with other investors, outside the structure of public markets. The funds invest primarily in debt and equity investments in domestic and international companies at various stages of development, and are generally related to venture capital, buy-out financing or expansion and development financing.

The Managed International Equity Fund was established on May 1, 1991, and invests primarily in common shares of companies in principal market regions in Europe, Australia, and the Far East (EAFE), with diversified investments extending beyond the companies that comprise the Morgan Stanley EAFE Index. On January 2, 1998, there was a restructuring of this pooled investment portfolio (see note 7).

The Passive International Equity Fund was established on May 1, 1991, and invests primarily in the common shares of companies that comprise the Morgan Stanley EAFE Index. On January 2, 1998, there was a restructuring of this pooled investment portfolio (see note 7).

The European Indexed Equity Fund was established on December 1, 1997, and invests primarily in the common shares of companies that comprise the Morgan Stanley Capital International Europe Free Composite Index. On January 2, 1998, there was a restructuring of this pooled investment portfolio (see note 7).

The Asian Equity Fund was established on January 2, 1998, and invests primarily in the common shares of companies that comprise the Morgan Stanley Capital International Pacific Basin Index. The establishment of the Fund was through the restructuring of three pooled investment portfolios (see note 7).

**PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
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**1. The Portfolios (Continued)**

The European Equity Fund was established on January 2, 1998, and invests primarily in the common shares of companies that comprise the Morgan Stanley Capital International Europe Free Composite Index. The establishment of the Fund was through the restructuring of three pooled investment portfolios (see note 7).

The International Equity Fund was established on January 2, 1998, and invests primarily in the common shares of companies that comprise the Morgan Stanley Capital International EAFE Composite Index. The establishment of the Fund was through the restructuring of three pooled investment portfolios (see note 7).

Participation in each portfolio is expressed in units, each unit giving its holder a proportionate share in net assets. Unitholders may only acquire and redeem units on respective valuation dates. The value of a unit is \$1 million on establishment, and on subsequent valuation dates is determined by dividing the market value of the net assets of the portfolio by the total number of units outstanding.

The number of portfolio units available for issue is unlimited, except for the Private Placement Funds. The Private Placement Funds are closed-end funds, which were limited in participation to a prescribed set of unitholders at the time the funds were established. Each of these unitholders own a specific percentage of a fund.

**2. Principle of Consolidation**

The corporations of the Realpool Investment Fund are consolidated with the parent accounts after adjusting them to a basis consistent with the accounting policies described below. Inter-organization accounts and transactions are eliminated upon consolidation.

**3. Significant Accounting Policies**

**a) Valuation of Investments**

Short term investments are valued at market derived from external quotations. Securities listed on a stock exchange are valued at their closing sale price. Securities not traded on the valuation date are valued at the mean price between the latest bid and asked price. Securities not listed on any stock exchange, or which are traded over-the-counter, are valued in the same manner based on available public quotations from recognized dealers in such securities or at the price estimated by the fund manager to be the fair value.

Real estate properties are reported at appraised values and are required to be appraised no more frequently than every ten months and no less frequently than every 18 months by professionally qualified independent appraisers. All properties are valued at the end of each quarter by the investment analysis staff of the respective corporations. Historical cost information is maintained and is presented in the statement of investments. Accounting policies for historical costs are as follows: depreciation on buildings is provided on a straight-line basis over the expected life of the property not to exceed a 40 year period. Leasing and building improvement costs are capitalized and amortized over the period during which the costs are expected to be recovered. For development properties only, operating costs, certain indirect costs and property taxes are also capitalized. Investments in real estate co-ownership are accounted for by the proportionate consolidation method.

Mortgages are valued by an independent external source.

Private placement investments are valued by the external managers, on a quarterly basis, at their estimates of fair value. Fair value is defined as the expected realization if investments were disposed of in an orderly distribution over a reasonable period of time. These valuations are reviewed and approved by management.

**PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
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**3. Significant Accounting Policies (Continued)**

**b) Measurement Uncertainty**

Financial statements prepared in conformity with generally accepted accounting principles require management to make certain estimates and assumptions which can affect the reported balances. In determining the market value of some of its investments, particularly real estate and private placements, management relies on external appraisers' or fund managers' assumptions regarding investment industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. By nature, these asset valuations are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the reported market values may change by a material amount.

**c) Investment Transactions and Income**

Investment transactions are accounted for on the trade date basis, except for real estate, mortgages and private placements which are recorded on the closing date. Dividend income is recognized on the ex-dividend date, and interest income on the accrual basis. Rental income is recorded net of property-related expenses. Income on foreign investments is reported net of withholding tax expense. Realized gains and losses and unrealized appreciation or depreciation of investments are calculated based on cost for private placements, average cost for equities, depreciated cost for real estate, and amortized cost for money market securities, bonds and mortgages. The amortized cost is the cost of acquisition adjusted by amortization of discounts and premiums on a true constant yield basis over the terms of the investments for money market securities and bonds, and on a straight line basis for mortgages.

**d) Foreign Currency Translation**

Assets, liabilities and commitments in foreign currencies are translated into Canadian dollars at the fiscal year-end exchange rate. Purchases and sales of investments are translated at the rate prevailing on the respective dates of such transactions. Income is translated at the month-end rate. Realized and unrealized gains and losses include foreign currency translations.

**4. Risk Management**

In general, all pooled investment portfolios are exposed to price risk and credit risk. There are three types of price risk: currency risk, interest rate risk and market risk. Currency risk relates to the possibility that investments may change in value due to future changes in foreign exchange rates. Interest rate risk relates to the possibility that investments may change in value due to future changes in market interest rates. Market risk relates to the possibility that investments may change in value due to future changes in market prices. Credit risk relates to the possibility that a loss may occur if another party fails to discharge an obligation. In order to avoid undue investment risk, the Office of the Chief Investment Officer has established specific investment criteria for each pooled investment portfolio, such as minimum credit ratings for investees and counterparties, and investment diversification requirements. There is no undisclosed exposure in the funds' investments.

**5. Other Assets**

Other assets include loans receivable totalling \$1,984,122 (1997: \$4,598,333).



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**6. Mortgages and Other Payables**

As at December 31, 1998, the Realpool Investment Fund has mortgages payable bearing interest at rates ranging from 0.00% to 10.875% and mature at various dates to the year 2012. Principal repayments due are as follows:

1999	\$ 99,599,558
2000	24,877,394
2001	102,908,860
2002	63,828,068
2003 and subsequent	228,698,224
	<u>519,712,134</u>
Plus:	
Unamortized premium	7,602,198
Net unrealized increase in value	6,165,130
	<u>13,767,328</u>
Market value of mortgages payable	<u>\$ 533,479,462</u>

Other payables include accounts payable and accrued liabilities of \$43,562,003 (1997: \$25,755,702) and rent received in advance and deposits of \$12,151,186 (1997: \$8,680,819).

**7. Restructuring of Pooled Investment Portfolios**

On January 2, 1998, there was a restructuring of three pooled investment portfolios. Almost all the assets and liabilities of the Managed International Equity Fund (MIE), the Passive International Equity Fund (PIE) and the European Indexed Equity Fund (EIE) were transferred at market value to three new pooled investment portfolios, namely the Asian Equity Fund, the European Equity Fund and the International Equity Fund. In March 1998, the investments remaining in MIE and PIE were liquidated to settle outstanding custodial fees. MIE, PIE and EIE were then wound up.

The Asian Equity Fund was established on January 2, 1998, by purchasing \$130.0 million of net assets from MIE. The European Equity Fund was established on January 2, 1998, by purchasing \$646.4 million of net assets from MIE and \$599.3 million of net assets from EIE. The International Equity Fund was established on January 2, 1998, by purchasing \$1,152.2 million of net assets from MIE and \$836.5 million of net assets from PIE.

The unitholders of MIE, PIE and EIE had their unit holdings redeemed on January 2, 1998. They were then issued pro-rata units of ownership in the three new pooled investment portfolios.

Comparative figures for MIE, PIE and EIE on the statements of net assets are as at December 31, 1997, and on the statements of changes in net assets are for the year ended December 31, 1997.

**PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
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8. **Receivable from Sale of Investments**  
  
For the European Equity Fund, the amount receivable from sale of investments is a net unrealized gain based on foreign currency exchange rates as at December 31, 1998, for 29 forward currency contracts. These were closed out with offsetting forward currency contracts settling in January 1999.
9. **Payable for Investments Purchased**  
  
For the International Equity Fund, the amount payable for investments purchased includes a net unrealized loss of \$5,498,983 based on foreign currency exchange rates as at December 31, 1998, for 21 forward currency contracts. These were closed out with offsetting forward currency contracts settling in January and March, 1999.
10. **Expenses**  
  
Custodial fees are applicable to the bond funds and the equity funds. The mortgage funds pay mortgage servicing and brokerage fees. Management fees are paid by the Realpool Investment Fund and the equity funds to external managers for providing investment management and advisory services. For the private placement funds, in most cases, management fees are expenses of the various partnership investments - not of the funds. Where management fees were incurred directly by the funds, these are reported on the financial statements. Brokerage fees are incorporated into the cost and proceeds of equity and bond transactions.
11. **Related Party Transactions**  
  
All inter-portfolio transactions are conducted at market value.  
  
Included in the investments of the Fixed Term Mortgage Fund are mortgages receivable from the Realpool Investment Fund with a market value of \$101,203,998 (1997: \$100,776,919).  
  
External managers of the wholly-owned corporations of the Realpool Investment Fund were paid property management fees of \$6,120,890 (1997: \$5,745,025).  
  
Direct administration costs are paid from the pooled investment portfolios, whereas indirect costs are borne by the Minister of Finance and Corporate Relations. The Minister recovers these costs by charging the unitholders a management fee. This fee is calculated based on the market value of the unitholders' investment holdings administered by the Office of the Chief Investment Officer.
12. **Commitments**  
  
Wholly-owned corporations of the Realpool Investment Fund have property purchase commitments totalling \$190.7 million. The Fixed Term Mortgage Fund and the Construction Mortgage Fund have commitments for mortgage contracts totalling approximately \$68.6 million and \$208.1 million, respectively. Private Placement Funds 1995, 1996, 1997 and 1998 have commitments for investment contracts totalling approximately \$42.5 million, \$51.4 million, \$508.9 million and \$258.5 million respectively.



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13. Uncertainty due to the Year 2000 issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

14. Subsequent Event

On July 15, 1999, the Legislative Assembly of the Province of British Columbia passed Bill 95, the Public Sector Pension Plans Act. The Act establishes the British Columbia Investment Management Corporation as a trust company authorized to carry on trust business and investment management services. It is anticipated that effective January 1, 2000, the corporation will replace the Office of the Chief Investment Officer as the body responsible for managing the pooled investment portfolios. Each portfolio established under B.C. Reg. 84/86, the Pooled Investment Portfolios Regulation, is continued under this Act and the regulations. All assets held under or in a portfolio by the Minister of Finance and Corporate Relations or the Chief Investment Officer under the Financial Administration Act immediately before January 1, 2000, must continue to be held under or in the portfolio, in trust, by the corporation. Each participating fund allocated units of a portfolio immediately before January 1, 2000, must continue to be allocated those units of the portfolio with the corporation holding those units as agent for the participating fund.

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**15. Units Outstanding**

The following is a summary of the changes in units outstanding during the year:

	CANADIAN CORPORATE BOND FUND		SHORT TERM BOND FUND		PENSION BOND FUND	
	1998	1997	1998	1997	1998	1997
Outstanding, beginning of year	559,314	269,566	871,128	956,962	5,771,694	6,037,526
Issued	0,380	289,748	628,268	515,712	6,239,938	428,146
Redeemed	-	-	(492,647)	(601,546)	(6,058,455)	(693,978)
Outstanding, end of year	<u>559,694</u>	<u>559,314</u>	<u>1,006,749</u>	<u>871,128</u>	<u>5,953,177</u>	<u>5,771,694</u>

	REAL POOL INVESTMENT FUND		FIXED TERM MORTGAGE FUND		CONSTRUCTION MORTGAGE FUND	
	1998	1997	1998	1997	1998	1997
Outstanding, beginning of year	1,072,640	966,740	354,641	110,908	148,066	66,705
Issued	77,938	256,241	248,778	270,100	48,280	119,286
Redeemed	(27,480)	(150,341)	-	(26,367)	(32,608)	(37,925)
Outstanding, end of year	<u>1,123,098</u>	<u>1,072,640</u>	<u>603,419</u>	<u>354,641</u>	<u>163,738</u>	<u>148,066</u>

	PRIVATE PLACEMENT FUND 1995		PRIVATE PLACEMENT FUND 1996		PRIVATE PLACEMENT FUND 1997	
	1998	1997	1998	1997	1998	1997
Outstanding, beginning of year	42,023	28,382	49,311	12,523	39,182	-
Issued	7,319	13,641	28,137	36,788	80,238	39,182
Redeemed	-	-	-	-	-	-
Outstanding, end of year	<u>49,342</u>	<u>42,023</u>	<u>77,448</u>	<u>49,311</u>	<u>119,420</u>	<u>39,182</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1998

15. Units Outstanding (Continued)

	PRIVATE PLACEMENT FUND 1998 1998 (note 1)	MANAGED INTERNATIONAL EQUITY FUND 1998 (note 1)	1997	PASSIVE INTERNATIONAL EQUITY FUND 1998 (note 1)	1997
Outstanding, beginning of year	-	921,369	777,020	411,771	772,619
Issued	45,958	-	169,378	-	33,075
Redeemed	-	(921,369)	(25,029)	(411,771)	(393,923)
Outstanding, end of year	45,958	-	921,369	-	411,771

	EUROPEAN INDEXED EQUITY FUND 1998 (note 1)	1997	ASIAN EQUITY FUND 1998 (note 1)	EUROPEAN EQUITY FUND 1998 (note 1)
Outstanding, beginning of year	588,554	-	-	-
Issued	-	588,554	129,958	1,375,036
Redeemed	(588,554)	-	-	(353,383)
Outstanding, end of year	-	588,554	129,958	1,021,653

	INTERNATIONAL EQUITY FUND 1998 (note 1)
Outstanding, beginning of year	-
Issued	2,002,563
Redeemed	(126,721)
Outstanding, end of year	1,875,842

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# Province of British Columbia Pooled Investment Portfolios

## Group of Funds

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Canadian Money Market Fund ST1  
Canadian Money Market Fund ST2  
U.S. Dollar Money Market Fund ST3

Indexed Government Bond Fund  
Long Term Bond Fund  
British Columbia Focus Fund

Indexed Canadian Equity Fund  
Active Canadian Equity Fund  
TSE 100 Index Equity Fund

Active U.S. Equity Fund  
S & P 500 Index Equity Fund  
U.S. Index Enhanced Equity Fund

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## Financial Statements

For the year ended March 31, 1999

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**Ministry of Finance and Corporate Relations**

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## Report of the Auditor General of British Columbia

*To the Minister of Finance and Corporate Relations,  
Province of British Columbia:*

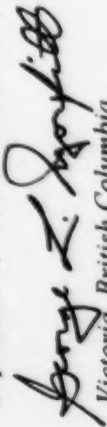
I have audited the statements of net assets of the Province of British Columbia Pooled Investment Portfolios, being the:

- |                                    |                                   |
|------------------------------------|-----------------------------------|
| • Fund ST1,                        | • Fund ST2,                       |
| • Fund ST3,                        | • Indexed Government Bond Fund,   |
| • Long Term Bond Fund,             | • British Columbia Focus Fund     |
| • Indexed Canadian Equity Fund,    | • Active Canadian Equity Fund,    |
| • TSE 100 Index Equity Fund,       | • Active U.S. Equity Fund,        |
| • S & P 500 Index Equity Fund, and | • U.S. Index Enhanced Equity Fund |

as at March 31, 1999, the statements of changes in net assets for the year then ended (Long Term Bond Fund for the period February 1, 1999 to March 31, 1999 and U.S. Index Enhanced Equity Fund for the period September 1, 1998 to March 31, 1999) and the statements of investments as at March 31, 1999. These financial statements are the responsibility of the Portfolios' management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position and investments of the Fund ST1, Fund ST2, Fund ST3, Indexed Government Bond Fund, Long Term Bond Fund, British Columbia Focus Fund, Indexed Canadian Equity Fund, Active Canadian Equity Fund, TSE 100 Index Equity Fund, Active U.S. Equity Fund, S & P 500 Index Equity Fund, and U.S. Index Enhanced Equity Fund as at March 31, 1999 and the changes in fund net assets for the year then ended (Long Term Bond Fund for the period February 1, 1999 to March 31, 1999 and U.S. Index Enhanced Equity Fund for the period September 1, 1998 to March 31, 1999) in accordance with generally accepted accounting principles.

  
George Z. Haylett  
Victoria, British Columbia

August 13, 1999



Province of British Columbia Pooled Investment Portfolios

STATEMENT OF RESPONSIBILITY

To the Minister of Finance and Corporate Relations:

Responsibility for the integrity, objectivity and the preparation of the accompanying financial statements rests with the management of the Provincial Treasury. These statements are prepared in accordance with generally accepted accounting principles consistently applied and include some amounts that are based on best estimates and judgements. Systems of internal controls are in place to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained to provide reliable financial statements.

The Auditor General of the Province of British Columbia conducts an independent examination, in accordance with generally accepted auditing standards, and provides an independent professional opinion on the financial statements.



Bob de Faye  
Assistant Deputy Minister  
Provincial Treasury



Cleve Mclsberry  
Director  
Banking/Cash Management  
Provincial Treasury

Victoria, British Columbia  
August 13, 1999



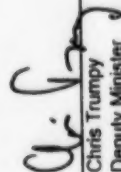
PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF NET ASSETS  
AS AT MARCH 31, 1999

(\$ Thousands)

	FUND ST1		FUND ST2		FUND ST3	
	1999	1998	1999	1998	1999	1998
					(US \$)	
Investments at market value	\$ 710,351	\$ 1,146,426	\$ 1,578,453	\$ 1,960,941	\$ 130,852	\$ 232,178
Cash	-	-	-	-	417	442
Accrued investment income	-	-	3,466	585	1	1
<b>Total assets</b>	<b>710,351</b>	<b>1,146,426</b>	<b>1,581,919</b>	<b>1,961,526</b>	<b>131,270</b>	<b>232,621</b>
Custodial fees payable	5	5	11	11	2	2
<b>Total liabilities</b>	<b>5</b>	<b>5</b>	<b>11</b>	<b>11</b>	<b>2</b>	<b>2</b>
<b>Net assets representing unitholders' equity</b>	<b>\$ 710,346</b>	<b>\$ 1,146,421</b>	<b>\$ 1,581,908</b>	<b>\$ 1,961,515</b>	<b>\$ 131,268</b>	<b>\$ 232,619</b>
Number of units outstanding (note 10)	282,687	479,599	618,886	807,817	84,387	157,894
<b>Net asset value per unit</b>	<b>\$ 2,513</b>	<b>\$ 2,390</b>	<b>\$ 2,556</b>	<b>\$ 2,428</b>	<b>\$ 1,556</b>	<b>\$ 1,473</b>

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Minister of Finance and Corporate Relations.

  
Chris Trumpy  
Deputy Minister  
Ministry of Finance and Corporate Relations

  
Doug Pearce  
Chief Investment Officer  
Ministry of Finance and Corporate Relations

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 1999

(\$ Thousands)

	FUND ST1	FUND ST2	FUND ST3
	1999	1999	1998 (US \$)
Net assets, beginning of year	\$ 1,146,421	\$ 827,036	\$ 232,619
Changes during the year:			\$ 292,899
Operations:			
Income:			
Investment income	56,498	98,652	13,701
Expenses (note 4):			
Custodial fees	25	43	7
Net investment income	56,473	98,609	13,694
Net realized gain (loss) on sale of investments	(9)	235	(2)
Change in unrealized appreciation (depreciation) of investments	49	1,477	5
	56,513	100,321	13,699
Capital transactions:			
Proceeds from units issued	20,522,131	5,399,952	742,971
Amounts paid for units redeemed	(21,014,719)	(5,879,880)	(858,021)
	(492,588)	(479,928)	(115,050)
	(436,075)	(379,607)	(101,351)
Net increase (decrease) during the year	\$ 710,346	\$ 1,581,908	\$ 131,268
Net assets, end of year	\$ 1,146,421	\$ 1,961,515	\$ 232,619

**PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS**  
**STATEMENTS OF NET ASSETS**  
**AS AT MARCH 31, 1999**

(\$ Thousands)

	INDEXED GOVERNMENT BOND FUND		LONG TERM BOND FUND		BRITISH COLUMBIA FOCUS FUND	
	1999	1998	1999 (note 1)	1998	1999	1998
Investments at market value	\$ 157,684	\$ 171,501	\$ 199,069	\$ 54,224	\$ 39,408	\$ 54,224
Receivable from sale of investments	352	514	-	-	-	-
Accrued investment income	2,356	3,080	3,512	228	3	228
<b>Total assets</b>	<b>160,392</b>	<b>175,095</b>	<b>202,581</b>	<b>54,452</b>	<b>39,411</b>	<b>54,452</b>
Payable for investments purchased	279	4,576	-	-	-	-
External management fees payable	-	-	-	9	4	9
Custodial fees payable	1	1	1	-	-	-
<b>Total liabilities</b>	<b>280</b>	<b>4,577</b>	<b>1</b>	<b>9</b>	<b>4</b>	<b>9</b>
<b>Net assets representing unitholders' equity</b>	<b>\$ 160,112</b>	<b>\$ 170,518</b>	<b>\$ 202,580</b>	<b>\$ 54,443</b>	<b>\$ 39,407</b>	<b>\$ 54,443</b>
Number of units outstanding (note 10)	97,702	111,281	201,991	41,450	30,179	41,450
<b>Net asset value per unit</b>	<b>\$ 1,639</b>	<b>\$ 1,532</b>	<b>\$ 1,003</b>	<b>\$ 1,313</b>	<b>\$ 1,306</b>	<b>\$ 1,313</b>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 1999

(\$ Thousands)

	INDEXED GOVERNMENT BOND FUND	LONG TERM BOND FUND	BRITISH COLUMBIA FOCUS FUND
	1999	1999 (note 1)	1999
Net assets, beginning of year	\$ 170,518	\$ -	\$ 68,421
Changes during the year:			
Operations:			
Income:			
Investment income	10,778	1,332	2,692
Expenses (note 4):			
External management fees	-	-	65
Custodial fees	3	1	158
	3	1	65
Net investment income	10,775	1,331	2,627
Net realized gain (loss) on sale of investments	8,894	(78)	340
Change in unrealized appreciation (depreciation) of investments	(7,463)	1,327	(3,128)
	12,206	2,580	2,022
Capital transactions:			
Proceeds from units issued	15,475	200,000	-
Amounts paid for units redeemed	(38,087)	-	(15,000)
	(22,612)	200,000	(15,000)
	(10,406)	202,580	(13,978)
Net increase (decrease) during the year	\$ 160,112	\$ 202,580	\$ 54,443
Net assets, end of year	\$ 330,630	\$ 202,580	\$ 122,864

**PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS**  
**STATEMENTS OF NET ASSETS**  
**AS AT MARCH 31, 1999**

(\$ Thousands)

	INDEXED CANADIAN EQUITY FUND		ACTIVE CANADIAN EQUITY FUND		TSE 100 INDEX EQUITY FUND	
	1999	1998	1999	1998	1999	1998
Investments at market value	\$ 6,177,111	\$ 7,161,999	\$ 3,652,538	\$ 3,879,065	\$ 3,048,134	\$ 3,282,211
Cash	-	-	281	737	-	-
Receivable from sale of investments	93,583	55,372	10,873	9,712	23,251	249,114
Accrued investment income	11,027	11,011	4,452	3,510	7,387	6,346
<b>Total assets</b>	<b>6,281,721</b>	<b>7,228,382</b>	<b>3,668,144</b>	<b>3,893,024</b>	<b>3,078,772</b>	<b>3,537,571</b>
Payable for investments purchased	5,927	3,860	16,848	14,350	22,691	237,729
External management fees payable	-	-	1,610	1,985	-	-
Custodial fees payable	27	19	27	23	19	11
<b>Total liabilities</b>	<b>5,954</b>	<b>3,879</b>	<b>18,485</b>	<b>16,258</b>	<b>22,710</b>	<b>237,740</b>
<b>Net assets representing unitholders' equity</b>	<b>\$ 6,275,767</b>	<b>\$ 7,224,503</b>	<b>\$ 3,649,659</b>	<b>\$ 3,876,766</b>	<b>\$ 3,056,062</b>	<b>\$ 3,299,831</b>
Number of units outstanding (note 10)	3,067,810	3,165,918	1,440,394	1,364,558	1,654,321	1,588,717
<b>Net asset value per unit</b>	<b>\$ 2,046</b>	<b>\$ 2,282</b>	<b>\$ 2,534</b>	<b>\$ 2,841</b>	<b>\$ 1,847</b>	<b>\$ 2,077</b>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 1999

(\$ Thousands)

	INDEXED CANADIAN EQUITY FUND	ACTIVE CANADIAN EQUITY FUND	TSE 100 INDEX EQUITY FUND
	1999	1999	1999
	1998	1998	1998
Net assets, beginning of year	\$ 7,224,503	\$ 5,334,251	\$ 3,299,931
Changes during the year:			
Operations:			
Income:			
Investment income	110,871	106,608	57,345
Expenses (note 4):			
External management fees	-	6,884	-
Custodial fees	96	101	62
Other	96	6,985	62
Net investment income	110,775	51,705	57,283
Net realized gain on sale of investments (note 5)	241,551	23,887	158,213
Change in unrealized appreciation (depreciation) of investments	(1,074,226)	(502,926)	(509,365)
	(721,900)	(427,334)	(293,869)
Capital transactions:			
Proceeds from units issued	259,198	200,227	543,800
Amounts paid for units redeemed	(486,034)	-	(493,800)
	(226,836)	200,227	50,000
	(948,736)	(227,107)	(243,869)
Net increase (decrease) during the year	\$ 6,275,767	\$ 3,649,659	\$ 3,056,062
Net assets, end of year	\$ 7,224,503	\$ 3,876,766	\$ 3,299,931

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF NET ASSETS  
AS AT MARCH 31, 1999

(\$ Thousands)

	ACTIVE U.S. EQUITY FUND		S & P 500 INDEX EQUITY FUND		U.S. INDEX ENHANCED EQUITY FUND	
	1999	1998	1999	1998	1999 (note 1)	
Investments at market value	\$ 1,840,685	\$ 2,074,620	\$ 2,332,719	\$ 2,590,534	\$ 403,367	
Cash	34,721	99,631	-	-	351	
Receivable from sale of investments	17,992	91,284	-	78,328	611	
Accrued investment income	1,868	5,928	2,491	3,377	477	
<b>Total assets</b>	<b>1,895,266</b>	<b>2,271,463</b>	<b>2,335,210</b>	<b>2,672,239</b>	<b>404,806</b>	
Payable for investments purchased	15,135	57,786	-	1,084	618	
External management fees payable	1,570	3,355	-	-	202	
Custodial fees payable	64	59	19	5	12	
<b>Total liabilities</b>	<b>16,769</b>	<b>61,200</b>	<b>19</b>	<b>1,089</b>	<b>832</b>	
<b>Net assets representing unitholders' equity</b>	<b>\$ 1,878,497</b>	<b>\$ 2,210,263</b>	<b>\$ 2,335,191</b>	<b>\$ 2,671,150</b>	<b>\$ 403,974</b>	
Number of units outstanding (note 10)	443,878	626,839	532,242	769,951	200,011	
<b>Net asset value per unit</b>	<b>\$ 4,232</b>	<b>\$ 3,526</b>	<b>\$ 4,387</b>	<b>\$ 3,469</b>	<b>\$ 2,020</b>	

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 1999

(\$ Thousands)

	ACTIVE U.S. EQUITY FUND	S & P 500 INDEX EQUITY FUND	U.S. INDEX ENHANCED EQUITY FUND
	1999	1999	1999 (note 1)
Net assets, beginning of year	\$ 2,210,263	\$ 2,671,150	\$ -
Changes during the year:			
Operations:			
Income:			
Investment income	32,987	53,190	3,779
Expenses (note 4):			
External management fees	7,186	-	397
Custodial fees	263	122	28
Other	7,449	122	425
Net investment income	25,538	53,068	3,354
Net realized gain on sale of investments	322,735	476,130	20,674
Change in unrealized appreciation (depreciation) of investments	(81,646)	66,579	69,265
	266,627	595,777	93,293
Capital transactions:			
Proceeds from units issued	150,840	334,624	310,681
Amounts paid for units redeemed	(749,233)	(1,266,360)	310,681
	(598,393)	(931,736)	403,974
Net increase (decrease) during the year	(331,766)	(335,959)	403,974
Net assets, end of year	\$ 1,878,497	\$ 2,335,191	\$ 403,974



PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF INVESTMENTS  
AS AT MARCH 31, 1999

(\$ Thousands)

	FUND ST1			FUND ST2			FUND ST3		
	Amortized Cost	Market Value	% of Total	Amortized Cost	Market Value	% of Total	Amortized Cost	Market Value (US \$)	% of Total
Obligations of, or guaranteed by, Canada	\$ 474,318	\$ 474,328	66.77	\$ 427,071	\$ 427,578	27.09	\$ 43,402	\$ 43,399	33.17
Obligations of, or guaranteed by, the Province of British Columbia	20,228	20,228	2.85	19,505	19,572	1.24	-	-	-
Obligations of, or guaranteed by, other provinces	215,788	215,795	30.38	-	-	-	-	-	-
Obligations of, or guaranteed by, savings institutions	-	-	-	489,725	489,863	31.03	-	-	-
Commercial paper issued by corporations incorporated under the laws of Canada or a province	-	-	-	641,282	641,440	40.64	87,455	87,453	66.83
<b>Total Investments</b>	<b>\$ 710,334</b>	<b>\$ 710,351</b>	<b>100.00</b>	<b>\$ 1,577,583</b>	<b>\$ 1,578,453</b>	<b>100.00</b>	<b>\$ 130,857</b>	<b>\$ 130,852</b>	<b>100.00</b>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENTS OF INVESTMENTS  
AS AT MARCH 31, 1999

(\$ Thousands)

	INDEXED GOVERNMENT BOND FUND			LONG TERM BOND FUND		
	Amortized Cost	Market Value	% of Total	Amortized Cost	Market Value	% of Total
Obligations of, or guaranteed by, Canada	\$ 109,178	\$ 113,680	72.09	\$ 116,826	\$ 117,431	58.99
Obligations of, or guaranteed by, the Province of British Columbia	12,937	12,875	8.17	13,932	14,229	7.15
Obligations of, or guaranteed by, other provinces	29,488 <u>151,603</u>	31,119 <u>157,674</u>	19.73 <u>99.99</u>	66,481 <u>197,239</u>	66,906 <u>198,566</u>	33.61 <u>99.75</u>
Units in Province of British Columbia Pooled Investment Portfolio Fund ST1	10	10	0.01	503	503	0.25
<b>Total Investments</b>	<b>\$ 151,613</b>	<b>\$ 157,684</b>	<b>100.00</b>	<b>\$ 197,742</b>	<b>\$ 199,069</b>	<b>100.00</b>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
STATEMENT OF INVESTMENTS  
AS AT MARCH 31, 1999

(\$ Thousands)

BRITISH COLUMBIA  
FOCUS FUND

Cost	Market Value	% of Total
\$ 25,172	\$ 27,521	69.84
9,288	9,289	23.57
2,582	2,598	6.59
11,870	11,887	30.16
\$ 37,042	\$ 39,408	100.00

Private Placements

Short Term Investments

Units in Province of British Columbia  
Pooled Investment Portfolio  
Fund ST1

Fund ST2

Total Investments

**PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS**  
**STATEMENTS OF INVESTMENTS**  
**AS AT MARCH 31, 1999**

(\$ Thousands)

	INDEXED CANADIAN EQUITY FUND			ACTIVE CANADIAN EQUITY FUND			TSE 100 INDEX EQUITY FUND		
	Average Cost	Market Value	% of Total	Average Cost	Market Value	% of Total	Average Cost	Market Value	% of Total
<b>Equity Investments</b>									
Mines and Minerals	\$ 289,487	\$ 236,586	3.83	\$ 170,422	\$ 125,256	3.43	\$ 132,162	\$ 104,592	3.43
Gold and Silver	294,399	262,496	4.25	140,821	98,797	2.70	121,321	97,232	3.19
Oil and Gas	494,667	524,689	8.49	385,843	399,257	10.94	170,230	181,340	5.95
Paper and Forest Products	156,540	150,767	2.44	110,735	100,472	2.75	28,791	31,438	1.03
Consumer Products	151,228	232,974	3.78	202,669	277,048	7.58	76,986	86,440	2.84
Industrial Products	850,837	1,250,438	20.24	654,312	743,823	20.37	428,937	506,467	16.61
Real Estate and Construction	100,545	109,669	1.77	60,332	53,611	1.46	30,804	33,144	1.09
Transportation and Environment	149,293	141,469	2.29	95,445	93,207	2.56	55,153	55,605	1.82
Pipelines	185,167	193,113	3.13	71,576	68,206	1.86	84,132	95,722	3.15
Utilities	450,629	802,475	12.99	156,595	214,659	5.88	233,813	337,610	11.07
Communication and Media	294,999	501,628	8.12	92,376	141,975	3.89	154,167	201,611	6.62
Merchandising	168,316	213,407	3.46	94,340	111,529	3.05	36,138	52,379	1.71
Financial Services	679,687	1,302,842	21.09	587,163	795,787	21.79	428,716	594,701	19.51
Conglomerates	179,547	231,414	3.75	74,590	102,781	2.81	94,037	104,969	3.45
TSE Index Participation Units	-	-	-	-	-	-	534,179	546,207	17.92
	<u>4,425,341</u>	<u>6,153,967</u>	<u>99.63</u>	<u>2,897,219</u>	<u>3,326,408</u>	<u>91.07</u>	<u>2,609,566</u>	<u>3,029,457</u>	<u>99.39</u>
<b>Investment Funds</b>									
<b>Convertible Debentures</b>									
	6,000	6,720	0.10	204,976	204,460	5.60	-	-	-
	<u>6,000</u>	<u>6,720</u>	<u>0.10</u>	<u>204,976</u>	<u>204,460</u>	<u>5.60</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Short Term Investments</b>									
Units in Province of British Columbia Pooled Investment Portfolio	16,424	16,424	0.27	6,400	6,400	0.17	18,677	18,677	0.61
Fund ST1									
Obligations of, or guaranteed by, Canada, or saving institutions	-	-	-	61,550	61,567	1.69	-	-	-
Obligations of, or guaranteed by, provinces	-	-	-	1,345	1,345	0.04	-	-	-
Obligations issued by corporations incorporated under the laws of Canada or a province	-	-	-	52,349	52,358	1.43	-	-	-
	<u>16,424</u>	<u>16,424</u>	<u>0.27</u>	<u>121,644</u>	<u>121,670</u>	<u>3.33</u>	<u>18,677</u>	<u>18,677</u>	<u>0.61</u>
<b>Total Investments</b>	<u>\$ 4,447,765</u>	<u>\$ 6,177,111</u>	<u>100.00</u>	<u>\$ 3,223,839</u>	<u>\$ 3,652,538</u>	<u>100.00</u>	<u>\$ 2,628,243</u>	<u>\$ 3,048,134</u>	<u>100.00</u>

**PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS**  
**STATEMENTS OF INVESTMENTS**  
**AS AT MARCH 31, 1999**

(\$ Thousands)

	ACTIVE U.S. EQUITY FUND			S & P 500 INDEX EQUITY FUND			U.S. INDEX ENHANCED EQUITY FUND		
	Average Cost	Market Value	% of Total	Average Cost	Market Value	% of Total	Average Cost	Market Value	% of Total
<b>Equity Investments</b>									
Auto and Transport	\$ 49,690	\$ 51,112	2.78	\$ 42,866	\$ 62,016	2.66	\$ 9,234	\$ 9,779	2.42
Consumer Discretionary	176,725	215,756	11.72	113,760	211,236	9.05	39,749	43,062	10.68
Consumer Staples	153,832	198,214	10.77	158,440	257,316	11.03	31,582	32,279	8.00
Financial Services	191,304	228,520	12.41	213,198	379,756	16.28	59,086	70,197	17.41
Health Care	169,971	269,921	14.67	121,693	285,388	12.24	39,445	48,387	11.99
Integrated Oil	56,055	62,221	3.38	74,599	111,832	4.79	17,528	18,533	4.60
Materials and Processing	76,712	77,715	4.22	69,855	77,124	3.31	13,398	14,069	3.48
Other Energy	21,192	21,643	1.18	21,186	26,174	1.12	1,142	1,178	0.30
Producer Durables	96,013	129,291	7.02	93,557	168,040	7.20	24,536	28,676	7.10
Technology	290,794	432,013	23.47	194,465	487,126	20.89	56,211	86,414	21.43
Utilities	87,633	112,886	6.13	134,122	262,026	11.23	38,686	47,925	11.88
Other	17,224	16,225	0.88	2,442	2,200	0.09	3,303	2,864	0.71
American Depository Receipts	17,785	22,638	1.23	-	-	-	-	-	-
	<u>1,404,930</u>	<u>1,838,155</u>	<u>99.86</u>	<u>1,240,203</u>	<u>2,330,234</u>	<u>99.89</u>	<u>333,900</u>	<u>403,363</u>	<u>100.00</u>
<b>Convertible Debentures</b>	836	777	0.04	-	-	-	-	-	-
<b>Short Term Investments</b>									
Units in Province of British Columbia									
Pooled Investment Portfolio	1,753	1,753	0.10	2,491	2,485	0.11	4	4	-
Fund ST3									
<b>Total Investments</b>	<u>\$ 1,407,519</u>	<u>\$ 1,840,685</u>	<u>100.00</u>	<u>\$ 1,242,694</u>	<u>\$ 2,332,719</u>	<u>100.00</u>	<u>\$ 333,904</u>	<u>\$ 403,367</u>	<u>100.00</u>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 1999

1. The Portfolios

The Financial Administration Act, Section 43, subsection 1, authorizes the Minister of Finance and Corporate Relations to establish and operate pooled investment portfolios "... in which the money from trust funds, special funds or other funds, other public money and the money of government bodies and designated institutions may be combined in common for the purpose of investment by means of investment units of participation in a pooled investment portfolio."

Section 41, subsection 1, delegates the investment powers, duties and functions of the Minister of Finance and Corporate Relations with respect to the funds and monies to the Chief Investment Officer.

The portfolios consist of investments, authorized by Section 40, subsections 1, 4 and 6, and Section 43, subsection 8, of the Financial Administration Act.

Fund ST1 was established on April 21, 1986, and invests primarily in Canadian money market investments maturing within one month.

Fund ST2 was established on September 19, 1986, and invests primarily in Canadian money market investments maturing within 15 months.

Fund ST3 was established on August 1, 1990, and invests primarily in U.S. money market investments maturing within one month.

The Indexed Government Bond Fund was established on September 1, 1993, and invests primarily in bonds which are issued or guaranteed by the government of Canada or a provincial government.

The Long Term Bond Fund was established on February 1, 1999, and invests primarily in bonds which are issued or guaranteed by the government of Canada or a provincial government.

The British Columbia Focus Fund was established on March 31, 1994. Its investments are long term in nature and are generally made in partnership with other investors, outside the structure of public markets. The fund invests primarily in debt and equity investments in Canadian companies situated in British Columbia. Investments are generally related to venture capital, buy-out financing or expansion and development financing for companies at various stages of development. The fund was closed as at September 1, 1994. Distribution of net assets to the unitholders will be made as investments are wound up.

The Indexed Canadian Equity Fund was established on December 12, 1989, and invests primarily in common stock of the Canadian companies that comprise the Toronto Stock Exchange 300 Composite Index.

The Active Canadian Equity Fund was established on July 26, 1990, and invests primarily in diversified portfolios of common shares of Canadian companies.

The TSE 100 Index Equity Fund was established on June 27, 1994, and invests primarily in common stock of the Canadian companies that comprise the Toronto Stock Exchange 100 Composite Index.

The Active U.S. Equity Fund was established on October 20, 1993, and invests primarily in diversified portfolios of common stock of U.S. companies.

The S & P 500 Index Equity Fund was established on February 6, 1995, and invests primarily in common stock of the U.S. companies that comprise the Standard and Poors 500 Composite Index.

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 1999

1. The Portfolios (Continued)

The U.S. Index Enhanced Equity Fund was established on September 1, 1998, and invests primarily in common stock of U.S. companies.

Participation in each portfolio is expressed in units, each unit giving its holder a proportionate share in net assets. Unitholders may only acquire and redeem units on respective valuation dates. The value of a unit is \$1 million on establishment, and on subsequent valuation dates is determined by dividing the market value of the net assets of the portfolio by the total number of units outstanding.

The number of portfolio units available for issue is unlimited, except for the British Columbia Focus Fund. The British Columbia Focus Fund is a closed-end fund, which was limited in participation to a prescribed set of unitholders at the time the fund was established. As noted above, the British Columbia Focus Fund has not issued new units of investment since September 1, 1994.

The financial statements of Fund ST3 are presented in U.S. dollars.

For the Active U.S. Equity Fund, the S & P 500 Index Equity Fund and the U.S. Index Enhanced Equity Fund, the \$1 million unit value equaled to \$1.321 million, \$1.398 million and \$1.553 million in translated Canadian dollars respectively, based on foreign currency exchange rates on the funds' establishment dates as noted above. The financial statements of the U.S. equity funds are presented in Canadian dollars.

2. Significant Accounting Policies

a) Valuation of Investments

Short term investments are valued at market derived from external quotations. Securities listed on a stock exchange are valued at their closing sale price. Securities not traded on the valuation date are valued at the mean price between the latest bid and asked price. Securities not listed on any stock exchange, or which are traded over-the-counter, are valued in the same manner based on available public quotations from recognized dealers in such securities or at the price estimated by the fund manager to be the fair value.

Private placement investments are valued by the external managers, on a quarterly basis, at their estimates of fair value. Fair value is defined as the expected realization if investments were disposed of in an orderly distribution over a reasonable period of time. These valuations are reviewed and approved by management.

b) Measurement Uncertainty

Financial statements prepared in conformity with generally accepted accounting principles require management to make certain estimates and assumptions which can affect the reported balances. In determining the market value of some of its investments, particularly private placements, management relies on external fund managers' assumptions regarding investment industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. By nature, these asset valuations are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the reported market values may change by a material amount.



**PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 1999**

**2. Significant Accounting Policies (Continued)**

**c) Investment Transactions and Income**

Investment transactions are accounted for on the trade date basis, except for private placement investments which are recorded on the closing date. Dividend income is recognized on the ex-dividend date, and interest income on the accrual basis. Income on foreign investments is reported net of withholding tax expense. Realized gains and losses and unrealized appreciation or depreciation of investments are calculated based on the average cost for equities, cost for private placements, and amortized cost for money market securities and bonds. The amortized cost is the cost of acquisition adjusted by amortization of discounts and premiums on a true constant yield basis over the terms of the investments.

**d) Foreign Currency Translation**

Assets, liabilities and commitments in foreign currencies are translated into Canadian dollars at the fiscal year-end exchange rate. Income, purchases and sales of investments are translated at the rate prevailing on the respective dates of such transactions. Realized and unrealized gains and losses include foreign currency translations.

**3. Risk Management**

In general, all pooled investment portfolios are exposed to price risk and credit risk. There are three types of price risk: currency risk, interest rate risk and market risk. Currency risk relates to the possibility that investments may change in value due to future changes in foreign exchange rates. Interest rate risk relates to the possibility that investments may change in value due to future changes in market interest rates. Market risk relates to the possibility that investments may change in value due to future changes in market prices. Credit risk relates to the possibility that a loss may occur if another party fails to discharge an obligation. In order to avoid undue investment risk, the Office of the Chief Investment Officer has established specific investment criteria for each pooled investment portfolio, such as minimum credit ratings for investees and counterparties, and investment diversification requirements. There is no undisclosed exposure in the funds' investments.

**4. Expenses**

Custodial fees are applicable to the money market funds, the bond funds and the equity funds. Management fees are paid by the Active Canadian Equity Fund, the Active U.S. Equity Fund and the U.S. Index Enhanced Equity Fund to external fund managers for providing investment management and advisory services. For the British Columbia Focus Fund, in most cases, management fees are expenses of the various partnership investments - not of the fund. Where management fees were incurred directly by the fund, these are reported on the financial statements. Brokerage fees are incorporated into the cost and proceeds of equity and bond transactions.

**5. Write Down of Investments**

During the year, the Indexed Canadian Equity Fund, Active Canadian Equity Fund and TSE 100 Index Equity Fund wrote down the cost of several investments. The losses included in net realized gain on sale of investments are \$51.3 million, \$8.2 million and \$22.7 million respectively.



PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 1999

6. Related Party Transactions

All inter-portfolio transactions are conducted at market value. Direct administration costs are paid from the pooled investment portfolios, whereas indirect costs are borne by the Minister of Finance and Corporate Relations. The Minister recovers these costs by charging the unitholders a management fee. This fee is calculated based on the market value of the unitholders' investment holdings administered by the Office of the Chief Investment Officer.

7. Commitments

The British Columbia Focus Fund has outstanding commitments to invest an additional \$3.4 million with external managers.

8. Uncertainty due to the Year 2000 Issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

9. Subsequent Event

On July 15, 1999, the Legislative Assembly of the Province of British Columbia passed Bill 95, the Public Sector Pension Plans Act. The Act establishes the British Columbia Investment Management Corporation as a trust company authorized to carry on trust business and investment management services. It is anticipated that effective January 1, 2000, the corporation will replace the Office of the Chief Investment Officer as the body responsible for managing the pooled investment portfolios. Each portfolio established under B.C. Reg. 84/86, the Pooled Investment Portfolios Regulation, is continued under this Act and the regulations. All assets held under or in a portfolio by the Minister of Finance and Corporate Relations or the Chief Investment Officer under the Financial Administration Act immediately before January 1, 2000, must continue to be held under or in the portfolio, in trust, by the corporation. Each participating fund allocated units of a portfolio immediately before January 1, 2000, must continue to be allocated those units of the portfolio with the corporation holding those units as agent for the participating fund.

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 1999

10. Units Outstanding

The following is a summary of the changes in units outstanding during the year:

	FUND ST1		FUND ST2		FUND ST3	
	1999	1998	1999	1998	1999	1998
Outstanding, beginning of year	479,599	358,976	807,817	1,135,773	157,894	210,431
Issued	8,387,144	9,223,813	2,169,570	1,943,730	491,354	487,556
Redeemed	(8,584,056)	(9,103,190)	(2,358,501)	(2,271,686)	(564,861)	(540,093)
Outstanding, end of year	<u>282,687</u>	<u>479,599</u>	<u>618,886</u>	<u>807,817</u>	<u>84,387</u>	<u>157,894</u>
	INDEXED GOVERNMENT BOND FUND		LONG TERM BOND FUND		BRITISH COLUMBIA FOCUS FUND	
	1999	1998	1999 (note 1)	1998	1999	1998
Outstanding, beginning of year	111,281	111,773	-	-	41,450	53,736
Issued	9,882	5,508	201,991	-	-	-
Redeemed	(23,461)	(6,000)	-	-	(11,271)	(12,286)
Outstanding, end of year	<u>97,702</u>	<u>111,281</u>	<u>201,991</u>	<u>201,991</u>	<u>30,179</u>	<u>41,450</u>

PROVINCE OF BRITISH COLUMBIA POOLED INVESTMENT PORTFOLIOS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 1999

10. Units Outstanding (Continued)

	INDEXED CANADIAN EQUITY FUND		ACTIVE CANADIAN EQUITY FUND		TSE 100 INDEX EQUITY FUND	
	1999	1998	1999	1998	1999	1998
Outstanding, beginning of year	3,165,918	3,073,508	1,364,558	1,258,480	1,588,717	1,666,927
Issued	121,665	2,758,346	75,836	1,503,605	320,370	1,753,219
Redeemed	(219,773)	(2,665,936)	-	(1,397,527)	(254,766)	(1,831,429)
Outstanding, end of year	<u>3,067,810</u>	<u>3,165,918</u>	<u>1,440,394</u>	<u>1,364,558</u>	<u>1,654,321</u>	<u>1,588,717</u>

	ACTIVE U.S. EQUITY FUND		S & P 500 INDEX EQUITY FUND		U.S. INDEX ENHANCED EQUITY FUND	
	1999	1998	1999	1998	1999 (note 1)	
Outstanding, beginning of year	626,839	709,623	769,951	742,245	-	
Issued	35,357	50,463	90,315	273,642	200,011	
Redeemed	(218,318)	(133,247)	(328,024)	(245,936)	-	
Outstanding, end of year	<u>443,878</u>	<u>626,839</u>	<u>532,242</u>	<u>769,951</u>	<u>200,011</u>	